



STATE REPRESENTATIVE  
**JON RICHARDS**

WISCONSIN STATE ASSEMBLY

Health Care Cooperative Modernization  
Assembly Bill 683  
Representative Jon Richards  
January 27, 2010

Good afternoon madam chair and members of the Assembly Committee on Health and Health Care Reform. I am pleased to have the opportunity to testify on behalf of Assembly Bill 683 which modernizes Wisconsin's groundbreaking, but now outdated, law governing cooperative health care associations.

A quick read of current law reveals language like "sickness care" as opposed to "health care" and outmoded restrictions on what sort of services a cooperative can provide to its members. It is imperative that we take the lead on advancing the cooperative model, which delivers low-cost high-quality care, given the changes under consideration in Washington and the changing health care market place.

Assembly Bill 683 proposes to move Wisconsin's cooperative association law out of the 1950s and into the 21<sup>st</sup> century by making three major changes to current law.

First, AB683 will allow cooperative health care associations to expand the types of services they offer to their members. For instance, current law prohibits a cooperative from offering disability or life insurance benefits. These types of services are currently offered by for-profit HMOs. I believe cooperative members should have similar access to these services through their health plans in order to promote a strong and competitive marketplace. The artificial market restrictions in current law do not benefit the consumer.

Second, AB683 allows health care cooperatives to bill or accept payments from non-members. Current law is very restrictive in that it only allows a cooperative network to provide services to its own members. This change will increase access to those who find services provided by a cooperative health association more convenient or necessary.

Third, AB683 changes the name of what cooperative associations may establish and operate from the current "sickness care plans" to a more appropriate "health care plans". This change is minor, but does make clear that organizations like Group Health Cooperative are involved not just in treating illness but in the promotion of general health through wellness initiatives and other related programs to more accurately reflect modern health care.

Health plans offered by cooperative associations have proven over the years to offer low cost, high quality services to their members. I believe AB683 makes reasonable changes that will benefit cooperative health care association members and non-members to the betterment of our health care marketplace.

Thank you for your attention and interest. I am willing to answer any questions you have at this time.



Group Health Cooperative of South Central Wisconsin  
Accredited by the National Committee for Quality Assurance - NCQA

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**To:** Members, Assembly Committee on Health and Healthcare Reform

**From:** Larry Zanoni, Executive Director of Group Health Cooperative of South Central Wisconsin

**RE:** Support of AB 683, relating to Health Care Cooperative Modernization

**Date:** January 27, 2010

Thank you for allowing me to testify in support of AB 683 relating to the modernization of health care plans operated by cooperative associations.

Group Health Cooperative of South Central Wisconsin began its long journey to fulfill its mission to provide "accessible, comprehensive, high quality health care and outstanding service in an efficient and personalized manner" to persons in GHC-SCW's service area when we saw our first patient on March 1, 1976.

In support of our mission GHC-SCW has adopted the following guiding principles:

1. To **promote the not for profit and cooperative nature** of GHC-SCW – which allows membership participation in policy decisions affecting the delivery of health care.
2. To **foster partnership** between members and our health care providers – to **encourage health care responsibility: emphasizing health education and preventive medicine.**
3. To **operate on a sound fiscal basis** and maintain cost efficient health care delivery and to exceed the minimum reserves required by the OCI.
4. To **maintain our practice setting** – one that is medically and personally satisfying to GHC-SCW members and our employees.
5. To develop and maintain a delivery system that **supports and promotes training, education and research** of health care professionals.
6. To **provide continuity of care and delivery of health services** to GHC-SCW members.
7. To **meet future growth needs of GHC-SCW by making membership accessible** to all prospective members including under-served populations.
8. To **operate using progressive personnel policies and practices** including affirmative action and equal employment opportunity.

Now after more than 34 years, we serve over 62,000 members, we own and operate five clinics in Dane County, we have over 700 employees and we continue to be recognized as one of the highest quality HMO's in the country<sup>1</sup>. We are fiscally sound<sup>2</sup> and recognized by our peers and others within our community as the "preferred health insurance company"<sup>3</sup>.

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Passing AB 683, which modernizes Chapter 185, will permit the following:

1. Modernize the chapter by changing "sickness care plans" to "health care plans". This new wording more accurately reflects our values and the services we provide. We no longer think of ourselves as "sickness care associations" but as health care plans which encourage quality and value of care with incentives for well-coordinated, cost effective health care through member participation.

2. Non-members to access GHC-SCW services and programs. We will be able to provide health care services and programs not only to GHC-SCW members but also to non-members and companies that want access to them. Such programs include: wellness, complementary medicine, preventive care services, disease management, health risk assessments, and others.

*For example:* We are often approached by businesses and self-funded companies who want access to our expertise in health risk assessment and disease management systems. Under the existing provisions of Chapter 185 we can not offer these programs or services because we can provide services on pre-paid basis to only our members.

3. Providing ancillary services to our members. Ancillary products, such as disability or life insurance products (underwritten by other insurance carriers), are currently prohibited by statute. This change will allow GHC-SCW to offer such programs and services our members are requesting.

*For example:* Our existing clients are looking for a "one-stop" shop for insurance programs. Allowing us to provide access to these programs provides cost efficient and effect solutions for our clients and the insurance agents we work with.

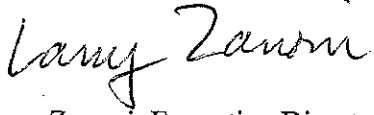
4. The ability to bill and accept payment from non-members for health care services. Currently GHC-SCW may not bill other health plans for services received by our members. This bill will allow us to bill other health plans and non-members for services provided by GHC-SCW as well as to coordinate benefits with other insurance plans more effectively for our existing members.

*For example:* Often our members have more than one health insurance coverage. We work to ensure that benefits are coordinated with other carriers; this eliminates overpayment and creates efficiency in the health insurance services. However, the existing provisions of Chapter 185 require that we only bill or accept payment from members of the cooperative; therefore we can not pay or bill other insurance carriers or self-funded carriers directly. This is an obvious case of inefficiency for our health care operations area and does cause member irritation.

In conclusion, AB 683 will allow GHC-SCW to build upon our success; to continue to provide high quality, efficient and not for profit health care services to our members as well as to non-members and others who wish to purchase our services. By supporting and approving AB 683 modernization of Chapter 185, you will be taking the necessary steps to help us to continue to

build a strong not for profit health care cooperative that we think is very much like the way health care should be delivered under any national health care reform strategy.

Thank you,



Larry Zanon, Executive Director  
Group Health Cooperative of South Central Wisconsin

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<sup>1</sup> U.S. News and World Report "**America's Best Health Plans**" ranked GHC-SCW Highest in Wisconsin and 10th among 239 ranked Commercial Health Insurance Plans Nationwide. This marks the fourth consecutive year that GHC-SCW was named one of the top ten health plans in the nation. This reflects our strong commitment to high quality health care.

<sup>2</sup> Currently GHC maintains more than 10 x the mandatory reserves required by the Office of the Commissioner of Insurance.

<sup>3</sup> GHC-SCW won the *InBusiness* Executive Choice Award by being rated the #1 "Preferred Health Insurance Company" for two years in a row (2008, 2009).



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**To:** Members, Assembly Committee on Health and Healthcare Reform  
**From:** Kenneth N. Machtan, President of Group Health Cooperative of South Central Wisconsin  
**RE:** Support of AB 683, relating to Health Care Cooperative Modernization  
**Date:** January 27, 2010

Thank you for allowing me to testify in support of AB 683 relating to the modernization of health care plans operated by cooperative associations.

Group Health Cooperative of South Central Wisconsin (GHC-SCW) is a member owned and governed not for profit health care plan. GHC-SCW began with the vision of its founding members who had the novel idea that consumers of health care should own and govern the way health care is organized and delivered. From that vision GHC-SCW has grown to more than 62,000 members; has over 700 employees and operates five clinics in Dane County.

Member "owned and governed" are not just words at GHC-SCW. GHC-SCW Board members are elected by the membership at large at an annual meeting where all members are invited to attend. Each board member holds a three-year term and is up for re-election on a rotating basis. I have been fortunate to have been elected and have held the executive position of President since 2001. The GHC-SCW member driven Board is active and meets regularly to ensure that the business of the cooperative reflects membership goals and objectives.

As GHC-SCW's President, I agree with and support the discussion and presentation provided by Larry Zanoni, GHC-SCW's Executive Director, I also ask for your support along with over 62,000 GHC-SCW members.

The provisions proposed by AB 683 will allow GHC-SCW to continue its journey to provide "accessible, comprehensive high quality health care and outstanding service in an efficient and personalized manner" to persons in GHC-SCW's service area. It allows GHC-SCW to modernize its services and programs as well as the ability to provide new services. It will help to ensure GHC-SCW can grow, continue to provide the excellent care and quality that members have come to expect and to continue to meet and exceed the expectations of its members and stakeholders – the Dane County community.

Thank you,

A handwritten signature in black ink, appearing to read 'Ken Machtan', written over a horizontal line.

Kenneth N. Machtan, President  
Group Health Cooperative of South Central Wisconsin

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January 27, 2010

To: Members, Committee on Health and Healthcare Reform

From: Jim Rabbitt, Director of Government Relations

Re: Support for AB 683, relating to Health Care Cooperatives Modernization

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Cooperative Network represents 600 cooperatives, mutual insurance companies, and credit unions owned by approximately 2.9 million Wisconsin members. We ask for your support of Assembly Bill 683, which will allow Cooperative Network members Group Health Cooperative of South Central Wisconsin and Group Health Cooperative of Eau Claire to enrich the services they provide to their members and more completely participate in the delivery of health care in the communities they serve.

Wisconsin's statutes governing health care cooperatives have not changed substantively since 1947, but the health care marketplace has changed dramatically. Health care cooperatives such as Group Health Cooperative of South Central Wisconsin and Group Health Cooperative of Eau Claire are recognized national leaders in providing health care because they have made significant investments in disease management, wellness initiatives, complementary medicine, and preventive care services. Together, these two cooperatives alone serve more than 129,000 citizens of our state.

Unfortunately, the current cooperative law places unnecessary limits on what these cooperatives may do for their members because it was written so many years ago and has not been changed to reflect the current health care marketplace. This need for modernization of the state law has become even clearer due to serious consideration by members of congress to include health care cooperatives as a substantial part of health care reform.

While this bill does not allow health care cooperatives to become life insurance underwriters under chapter 185, it extends the ability to offer disability or life insurance policies as a benefit to HMO members. The amendment proposed is the result of a collaborative effort by Cooperative network and its member Group Health Cooperative of South Central Wisconsin with the authors and the Office of the Commissioner of Insurance to address any concerns about this section of the bill.

This bill also lifts current restrictions that prohibit health care cooperatives from billing or accepting payment from third parties for services. This restriction is a barrier to health

care cooperatives opening clinic access to non-members who may benefit from the services offered by the cooperative. The current restriction also prohibits a health cooperative from offering services like wellness programs to non-members. This bill lifts these restrictions.

Overall, AB 683 is an opportunity to improve access to quality, affordable health care to the citizens of Wisconsin and could position Wisconsin to be a national health care delivery model.

Thank you for considering our request for support of this important legislation.





# State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

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## Testimony to Assembly Committee on Health Care and Health Care Reform On AB 683 January 27, 2010

Good Afternoon, Representative Richards and members of the Committee. I am here to testify for information on AB 683, relating to health care plans operated by cooperative associations. Commissioner Dilweg is unable to attend today and has asked me to appear on his behalf. I am Eileen Mallow, Assistant Deputy Commissioner.

As has been previously shared with the committee, staff from our office has had a series of meetings with representatives of the Cooperative Network. We have jointly worked through amendments to the bill. As amended, we are satisfied that the bill protects consumers interests in the operation of health plans by cooperatives.

I would be happy to answer any questions you may have.